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BIWEEKLY REPORT

**SINO-SOVIET BLOC
ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

EIC-WGR 1/93

31 August 1959

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

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Summary of Events*
14 - 27 August 1959

On 26 August it was announced that the USSR had agreed to extend a 140 million ruble (\$35 million) credit to Guinea, to be repaid over a period of 12 years at 2-1/2 percent interest. The credit is to be used for economic and technical assistance in the industrial development of Guinea.

Official contacts between Ghana and the Soviet Bloc have received added impetus during recent weeks. A Hungarian trade mission arrived for talks with government ministries and organizations, and a Polish delegation, at the time of its departure on 19 August, had signed preliminary agreements to build two blast furnaces and several small factories. A trade mission from Ghana will spend 10 days in Communist China in October before its departure for Tokyo.

An Indonesian Army purchasing mission recently contracted to buy \$4 million worth of engineering equipment from the USSR in the first direct military deal that Indonesia has been willing to make with the USSR since the purchase of jeeps in 1957.

On 24 August the two submarines purchased by Indonesia from Poland were sighted [redacted] The submarines are the last major items to be delivered under the agreements of March 1958.

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Burmese officials reportedly have complained that the hotel now being constructed at Rangoon by Soviet technicians is old-fashioned and have requested costly revisions, including the installation of central air conditioning.

In June the Afghan Ministry of Planning requested Soviet assistance in the preparation of Afghanistan's Second Five Year Plan. The cost of the services of Soviet personnel is to be charged to the Soviet \$100 million credit.

* An unclassified table of Sino-Soviet Bloc specialists in underdeveloped countries of the Free World, 1 January - 30 June 1959, is included in this issue on p. 7.

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A large advance Soviet technical team is expected to arrive in Ethiopia early in October to undertake a 3-month survey to determine the economic and technical needs of Ethiopia as a basis for the utilization of the \$100 million line of credit extended to Ethiopia by the USSR in July 1959.

An Iraqi-Soviet agreement was signed on 17 August in Moscow calling for building a nuclear reactor and an isotope laboratory in Iraq, for organizing research, and for training Iraqi staffs.

On 1 August, Yugoslavia and Hungary signed a trade and payments agreement for 1960 and a 3-year trade agreement for 1960-62. On 8 August, Yugoslavia signed similar agreements with East Germany for the same periods of time.

On 12 August the USSR purchased from Cuba 175,000 tons of sugar valued at \$11 million at current market prices. This amount is less than the total of 188,000 tons purchased by the USSR in 1958. In addition, a Czechoslovak commercial mission reportedly has negotiated a barter agreement for the exchange of \$2 million worth of Cuban sugar for Czechoslovak machinery, and an East German trade mission that visited Havana in mid-August reportedly discussed the possibility of a barter agreement.

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